

**AMENDMENT IN THE NATURE OF A SUBSTITUTE
TO H.R. 3136**

OFFERED BY MR. SALMON OF ARIZONA

and Mr. Polis of Colorado

Strike all after the enacting clause and insert the following:

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Advancing Com-
3 petency-Based Education Demonstration Project Act of
4 2014”.

5 **SEC. 2. COMPETENCY-BASED EDUCATION DEMONSTRATION**
6 **PROJECTS.**

7 (a) PROJECTS.—Part G of title IV of the Higher
8 Education Act of 1965 (20 U.S.C. 1088 et seq.) is amend-
9 ed by inserting after section 486A the following:

10 **“SEC. 486B. COMPETENCY-BASED EDUCATION DEMONSTRA-**
11 **TION PROJECTS.**

12 “(a) DEMONSTRATION PROJECTS AUTHORIZED.—
13 The Secretary shall select, in accordance with subsection
14 (c), eligible entities to voluntarily carry out competency-
15 based education demonstration projects and receive waiv-
16 ers described in subsection (d) to carry out such projects.

17 “(b) APPLICATION.—

1 “(1) IN GENERAL.—Each eligible entity desir-
2 ing to carry out a demonstration project under this
3 section shall submit an application to the Secretary,
4 at such time and in such manner as the Secretary
5 may require.

6 “(2) AMENDMENTS.—An eligible entity may
7 submit to the Secretary amendments to the eligible
8 entity’s application under paragraph (1), at such
9 time and in such manner as the Secretary may re-
10 quire, which the Secretary shall approve or deny
11 within 15 days of receipt.

12 “(3) CONTENTS.—Each application shall in-
13 clude—

14 “(A) a description of the competency-based
15 education to be offered by the eligible entity
16 under the demonstration project;

17 “(B) a description of the proposed aca-
18 demic delivery, business, and financial models
19 for the demonstration project, including expla-
20 nations of how competency-based education of-
21 fered under the demonstration project would—

22 “(i) result in the achievement of com-
23 petencies;

24 “(ii) differ from standard credit hour
25 approaches, in whole or in part; and

1 “(iii) result in lower costs or short-
2 ened time to degree, certificate, or creden-
3 tial completion;

4 “(C) a description of how the competency-
5 based education offered under the demonstra-
6 tion project will progress a student toward com-
7 pletion of a degree, certificate, or credential;

8 “(D) a description of how the eligible enti-
9 ty will articulate the transcript from the com-
10 petency-based education demonstration project
11 to another program within an institution of
12 higher education that is part of the eligible enti-
13 ty or to another institution of higher education;

14 “(E) a description of the statutory and
15 regulatory requirements described in subsection
16 (d) for which the eligible entity is seeking a
17 waiver, and why such waiver is necessary to
18 carry out the demonstration project;

19 “(F) a description of how the eligible enti-
20 ty will develop and evaluate the competencies
21 and assessments of student knowledge (which
22 may include prior-learning assessments) admin-
23 istered as part of the demonstration project, in-
24 cluding how such competencies and assessments
25 are aligned with workforce needs;

1 “(G) a description of the proposal for de-
2 termining a student’s Federal student aid eligi-
3 bility under this title for participating in the
4 demonstration project, the award and distribu-
5 tion of such aid, and safeguards to ensure that
6 students are making satisfactory progress that
7 warrants disbursement of such aid;

8 “(H) a description of the students to
9 whom competency-based education will be of-
10 fered, including an assurance that the dem-
11 onstration project will enroll a minimum of 50
12 and a maximum of 3,000 students;

13 “(I) an assurance that students partici-
14 pating in the demonstration project will not be
15 eligible for more Federal assistance under this
16 title than such students would have been eligi-
17 ble for under a traditional program; and

18 “(J) an assurance the eligible entity will
19 identify and disseminate best practices with re-
20 spect to the demonstration project to other eli-
21 gible entities carrying out a demonstration
22 project under this section.

23 “(c) SELECTION.—

24 “(1) IN GENERAL.—Not later than 6 months
25 after the date of enactment of this section, the Sec-

1 retary shall select not more than 20 eligible entities
2 to carry out a competency-based education dem-
3 onstration project under this section.

4 “(2) CONSIDERATIONS.—In selecting eligible
5 entities under paragraph (1), the Secretary shall—

6 “(A) prioritize projects which show prom-
7 ise in reducing the time or cost required to
8 complete a degree, certificate, or credential;

9 “(B) consider the number and quality of
10 applications received;

11 “(C) consider an eligible entity’s—

12 “(i) ability to successfully execute the
13 demonstration project as described in the
14 eligible entity’s application under sub-
15 section (b);

16 “(ii) commitment and ability to effec-
17 tively finance the demonstration project;

18 “(iii) ability to provide administrative
19 capability and the expertise to evaluate
20 student progress based on measures other
21 than credit hours or clock hours; and

22 “(iv) commitment to work with the
23 Secretary to evaluate the demonstration
24 project and the impact of the demonstra-
25 tion project;

1 “(D) ensure the selection of a diverse
2 group of eligible entities with respect to size,
3 mission, and geographic distribution of the eli-
4 gible entities;

5 “(E) not limit the types of programs of
6 study or courses of study approved for partici-
7 pation in a demonstration project; and

8 “(F) not select an eligible entity that has
9 had, for 1 of the preceding 2 fiscal years—

10 “(i) a cohort default rate (defined in
11 section 435(m)) that is 30 percent or
12 greater; and

13 “(ii) a borrowing rate of loans under
14 this title of more than 50 percent of the
15 students enrolled at institutions of higher
16 education of the eligible entity.

17 “(d) WAIVERS.—The Secretary may waive for any el-
18 igible entity selected to carry out a demonstration project
19 under this section any requirements of the following provi-
20 sions of law (including any regulations promulgated under
21 such provisions) or regulations and for which the eligible
22 entity has provided a reason for waiving under subsection
23 (b)(3)(E):

24 “(1) Subparagraphs (A) and (B) of section
25 102(a)(3).

1 “(2) Subsections (a) and (b) of section 481, as
2 such subsections relate to requirements for a min-
3 imum number of weeks of instruction.

4 “(3) Section 484(l)(1).

5 “(4) Section 668.32(a)(1)(iii) of title 34, Code
6 of Federal Regulations.

7 “(5) Any of the requirements under provisions
8 in title I, part F of this title, or this part, that in-
9 hibit the operation of competency-based education,
10 including requirements with respect to—

11 “(A) documenting attendance;

12 “(B) weekly academic activity;

13 “(C) minimum weeks of instructional time;

14 “(D) requirements for credit hour or clock
15 hour equivalencies;

16 “(E) requirements for substantive inter-
17 action with faculty; and

18 “(F) definitions of the terms ‘academic
19 year’, ‘full-time student’, ‘term’ (including
20 ‘standard term’, ‘non-term’, and ‘non-standard
21 term’), ‘satisfactory academic progress’, ‘edu-
22 cational activity’, ‘project of study’, and ‘pay-
23 ment period’.

24 “(e) NOTIFICATION.—Not later than 6 months after
25 the date of enactment of this section, the Secretary shall

1 make available to the authorizing committees and the pub-
2 lic a list of eligible entities selected to carry out a dem-
3 onstration project under this section, which shall include
4 for each such eligible entity—

5 “(1) the specific statutory and regulatory re-
6 quirements being waived under subsection (d); and

7 “(2) a description of the competency-based edu-
8 cation programs of study or courses of study to be
9 offered under the project.

10 “(f) INFORMATION AND EVALUATION.—

11 “(1) INFORMATION.—

12 “(A) IN GENERAL.—Each eligible entity
13 that carries out a demonstration project under
14 this section shall provide to the Director of the
15 Institution of Education Sciences with respect
16 to the students participating in the competency-
17 based education project carried out by the eligi-
18 ble entity the following information:

19 “(i) The average number of credit
20 hours the students earned prior to enroll-
21 ment in the demonstration project, if appli-
22 cable.

23 “(ii) The number and percentage of
24 students participating in the demonstration
25 project that are also enrolled in programs

1 of study or courses of study offered in
2 credit hours or clock hours, disaggregated
3 by student status as a first-year, second-
4 year, third-year, fourth-year, or other stu-
5 dent.

6 “(iii) The average period of time be-
7 tween the enrollment of a student in the
8 demonstration project and the first assess-
9 ment of student knowledge of such stu-
10 dent.

11 “(iv) The average time to 25 percent,
12 50 percent, 75 percent, and 100 percent of
13 the completion of a degree, certificate, or
14 credential by a student who participated in
15 the demonstration project.

16 “(v) The percentage of assessments of
17 student knowledge that students passed on
18 the first attempt, during the period of the
19 participation in the demonstration project
20 by the students.

21 “(vi) The percentage of assessments
22 of student knowledge that students passed
23 on the second attempt and the average pe-
24 riod of time between the first and second
25 attempts by students, during the period of

1 the participation in the demonstration
2 project by the students.

3 “(vii) The average number of com-
4 petencies a student acquired while partici-
5 pating in the demonstration project and
6 the period of time during which the stu-
7 dent acquired such competencies.

8 “(viii) Such other information as the
9 Director may reasonably require.

10 “(B) DISAGGREGATION.—Each eligible en-
11 tity shall provide the information required
12 under subparagraph (A) disaggregated by age,
13 race, gender, disability status, and status as a
14 recipient of a Federal Pell Grant, provided that
15 the disaggregation of the information does not
16 identify any individual student participating in
17 the demonstration project.

18 “(2) EVALUATION.—The Director of the Insti-
19 tute of Education Sciences, in consultation with the
20 Secretary, shall annually evaluate each demonstra-
21 tion project under this section. Each evaluation shall
22 include—

23 “(A) the extent to which the eligible entity
24 has met the goals set forth in its application to
25 the Secretary;

1 “(B) the number and types of students
2 participating in the competency-based education
3 offered under the project, including the
4 progress of participating students toward com-
5 pletion of a degree, certificate, or credential,
6 and the extent to which participation and reten-
7 tion in such project increased;

8 “(C) whether the project led to reduced
9 cost or time to completion of a degree, certifi-
10 cate, or credential, and the amount of cost or
11 time reduced for such completion;

12 “(D) obstacles related to student financial
13 assistance for competency-based education;

14 “(E) the extent to which statutory or regu-
15 latory requirements not waived under sub-
16 section (d) present difficulties for students or
17 institutions of higher education;

18 “(F) degree, certificate, or credential com-
19 pletion rates;

20 “(G) retention rates;

21 “(H) total cost and net cost to the student
22 of the competency-based education offered
23 under the project;

1 “(I) a description of the assessments of
2 student knowledge and the corresponding com-
3 petencies; and

4 “(J) outcomes of the assessments of stu-
5 dent knowledge.

6 “(3) ANNUAL REPORT.—The Director of the
7 Institute of Education Sciences shall annually pro-
8 vide to the authorizing committees a report on—

9 “(A) the evaluations of the demonstration
10 projects required under paragraph (2);

11 “(B) the number and types of students re-
12 ceiving assistance under this title for com-
13 petency-based education under such projects;

14 “(C) the retention and completion rates of
15 students participating in such projects;

16 “(D) any proposed statutory or regulatory
17 changes designed to support and enhance the
18 expansion of competency-based education, which
19 may be independent of or combined with tradi-
20 tional credit hour or clock hour projects;

21 “(E) the most effective means of delivering
22 competency-based education through dem-
23 onstration projects; and

24 “(F) the appropriate level and distribution
25 methodology of Federal assistance under this

1 title for students enrolled in competency-based
2 education.

3 “(g) OVERSIGHT.—In carrying out this section, the
4 Secretary shall, on a continuing basis—

5 “(1) assure compliance of eligible entities with
6 the requirements of this title (other than the provi-
7 sions of law and regulations that are waived under
8 subsection (d));

9 “(2) provide technical assistance;

10 “(3) monitor fluctuations in the student popu-
11 lation enrolled in the eligible entities carrying out
12 the demonstration projects under this section; and

13 “(4) consult with appropriate accrediting agen-
14 cies or associations and appropriate State regulatory
15 authorities for additional ways of improving the de-
16 livery of competency-based education.

17 “(h) DEFINITIONS.—For the purpose of this section:

18 “(1) COMPETENCY-BASED EDUCATION.—The
19 term ‘competency-based education’ means an edu-
20 cational process or program that measures knowl-
21 edge, skills, and experience through assessments of
22 such knowledge, skills, or experience in place of or
23 in addition to the use of credit hours or clock hours.

24 “(2) ELIGIBLE ENTITY.—The term ‘eligible en-
25 tity’ means—

1 “(A) an institution of higher education;

2 “(B) a system of institutions of higher
3 education; or

4 “(C) a consortium of institutions of higher
5 education.

6 “(3) INSTITUTION OF HIGHER EDUCATION.—

7 The term ‘institution of higher education’ has the
8 meaning given the term in section 102, except that
9 such term does not include institutions described in
10 section 102(a)(1)(C).”.

11 (b) RULE OF CONSTRUCTION.—Nothing in this Act
12 or the amendments made by this Act shall be construed
13 to alter the authority of the Secretary of Education to es-
14 tablish experimental sites under any other provision of
15 law.

16 (c) FUNDING.—

17 (1) USE OF EXISTING FUNDS.—Of the amount
18 authorized to be appropriated for salaries and ex-
19 penses of the Department of Education, \$1,000,000
20 shall be available to carry out this Act and the
21 amendments made by this Act.

22 (2) NO ADDITIONAL FUNDS AUTHORIZED.—No
23 funds are authorized to be appropriated by this Act

1 to carry out this Act or the amendments made by
2 this Act.

